
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any aspect of the proposals referred to in this document or as to the action you should take, you should seek your own advice from a stockbroker, solicitor, accountant, or other professional adviser.

If you have sold or otherwise transferred all of your shares, please pass this document together with the accompanying documents to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



Schroders plc

(incorporated and registered in England and Wales under number 3909886)

**NOTICE OF ANNUAL GENERAL MEETING
AND
PROPOSED EQUITY COMPENSATION PLAN
AND SHARE OPTION PLAN**

Notice of the Annual General Meeting of the Company to be held at 31 Gresham Street, London EC2V 7QA on Thursday, 5 May 2011 at 11.30 a.m. is set out at the end of this circular.

Whether or not you propose to attend the Annual General Meeting, please complete and submit a proxy form in accordance with the instructions printed on the enclosed form. The proxy form must be received not less than 48 hours before the time of the holding of the Annual General Meeting.

Schroders plc

31 Gresham Street, London EC2V 7QA
Tel: 020 7658 6000 Fax: 020 7658 6965
www.schroders.com

To the Company's ordinary shareholders and, for information, to the holders of non-voting ordinary shares.

23 March 2011

Dear Ordinary Shareholder,

Annual General Meeting

Attached to this letter at page 10 is the notice of the 2011 Annual General Meeting of your Company. I hope that as many of you as possible will attend.

I would draw your attention in particular to the following resolutions that are to be proposed.

Re-election of Directors (Resolutions 4 to 7)

In accordance with Article 76 of the Company's Articles of Association, Directors who would have served for three years since their last election or re-election must retire from the Board of your Company and may offer themselves for re-election. Michael Dobson, Massimo Tosato and Andrew Beeson will retire at the Annual General Meeting and offer themselves for re-election. In accordance with the Company's Corporate Governance Guidelines, which reflect the provisions of the new UK Corporate Governance Code, Bruno Schroder, who has served on the Board as a non-executive Director for more than nine years from the date of his first election, will retire and offer himself for re-election.

The Company will not be proposing re-election of all of its Directors this year. The Board has considered carefully the provisions in the new UK Corporate Governance Code with respect to the annual re-election of directors. The Board believes that the Company's current provisions for re-election remain appropriate and that annual re-election of all Directors does not encourage a long-term view. The Board has therefore decided to retain, subject to review, the current re-election provisions described above.

2011 Equity Compensation Plan and the 2011 Share Option Plan (Resolutions 11 and 12)

The Company is seeking shareholder approval for the adoption of an Equity Compensation Plan ('ECP') and a Share Option Plan ('SOP') (together the 'Plans') to replace the current equity compensation and share option plans which were established in 2000 and which have now come to the end of their 10 year life for making awards. Shareholder approval is required as, as with the current plans, executive Directors would be eligible to participate in the Plans. The Plans would also have a 10 year life during which awards could be made. The main provisions of the Plans are described below and in the summaries that follow this letter.

The Board believes that the renewal and replacement of the current plans is integral to continuing our longstanding practice of deferring significant proportions of executive Directors' and employees' bonuses, providing executive Directors and employees with potential remuneration upside but also downside risk through the link to our share price or a range of Schroders investment funds, and to aligning the interests of the Company's executive Directors, employees, shareholders and clients. The Plans are an important part of our remuneration strategy and are consistent with emerging regulatory guidance, including that of the Financial Services Authority.

The current equity compensation plan is the principal method by which we defer part of executive Directors' and employees' bonuses. The 2011 ECP will enable the Company to continue to comply with the requirements of the FSA and other regulators which now expect the deferral of significant proportions of an annual bonus. The 2011 ECP will not lead to any increase in remuneration as it is principally a means of delivering deferred bonuses within the overall bonus pool, which is calculated by reference to the profit share ratio and the total compensation costs to operating revenue ratio, both as reported to shareholders – see pages 7 and 148 of the 2010 Annual Report and Accounts. These reflect the performance of the Company and limit the amount paid to employees in a given year.

Awards under the 2011 ECP would not be subject to further performance conditions as they would usually have been awarded by reference to performance. This is the same as the position under the current equity compensation plan.

The 2011 ECP allows for awards to be made in various forms as described in the summary on page 4. The principal form is expected to be awards of nil cost options over ordinary shares (share awards) granted annually. The current intention is that ordinary (that is, voting) shares in existence at the time would be used, but the Company would also have the ability to use existing or newly issued non-voting ordinary shares. No voting rights over shares subject to an award would be able to be exercised.

The principal change in the 2011 ECP is that, in response to feedback from shareholders, we have replaced the uplifts in the current equity compensation plan, that were awarded on the third and fifth anniversaries of share awards, with an accrual of additional shares equivalent to the dividends paid by the Company between the grant date and the exercise date of awards.

The 2011 SOP is not mechanically different from the current share option plan and includes the requirement for performance conditions in respect of grants of options made to executive Directors. For the past eight years we have only granted options under the current plan sparingly: whilst the Board has no current plans to grant options generally we believe it is important to have such a plan available as part of our overall remuneration strategy. Options would be granted in the context of the profit share and operating revenue ratios referred to above.

If the Annual General Meeting approves the adoption of the Plans, ECP awards would be made in line with the normal year end process, with the first such awards being made in 2012, and awards would generally be made within 42 days of the announcement of our annual results. The Board Remuneration Committee would have the flexibility to make awards at other times in exceptional circumstances, and such awards could be made at any time after the Plans had been adopted. There is no current intention to grant options generally under the 2011 SOP.

Both Plans include provisions so that if in the opinion of the Remuneration Committee there had been a material misstatement of the Company's financial results, or participant misconduct then, to the extent that the Committee considered appropriate, relevant awards and options may be adjusted or deferred.

There would be no dilution of existing shareholders over the term of the Plans. The Company does not have authority to issue ordinary shares and so would purchase these shares in the market to satisfy awards. Share awards would be hedged. Should any non-voting shares be issued they would be bought back in accordance with our normal policy.

The income statement charges each year would be determined similarly to those for the current Plans but with adjustments, for example, for the absence of uplifts on share awards made under the 2011 ECP and to reflect any performance conditions for options granted under the 2011 SOP.

I commend the Plans to shareholders.

Notice of general meetings (Resolution 14)

The EU Shareholders' Rights Directive requires company meetings to be convened on 21 days' notice unless shareholders annually disapply this requirement. If passed, Resolution 14 would allow company meetings, other than the Annual General Meeting, to continue to be convened on 14 days' notice. We would, of course, expect to give shareholders more notice than that of any extraordinary general meeting.

Recommendation

The Board considers that all of the resolutions set out in the Notice of the Annual General Meeting are in the interests of shareholders, and the Board recommends that shareholders vote in favour of all of these resolutions as the Directors each intend to do with respect to their own ordinary shares.

Yours faithfully,



Michael Miles
Chairman

Summary of the main provisions of the Schroders Equity Compensation Plan 2011 (the ECP)

There are a number of parts to the ECP. Mandatory deferrals of discretionary bonuses are normally in the form of conditional awards of shares. Staff whose location permits will also receive conditional awards of notional fund units where their bonus is over a threshold set by the Remuneration Committee of the Board of Directors of the Company (the **Committee**). Conditional awards of shares are normally structured as rights to acquire shares at nil cost. The Committee may also grant deferred restricted share awards, restricted share awards or cash settled awards where these are appropriate. Most awards by value under the current equity compensation plan have been granted as conditional awards of shares and notional fund units.

Awards may be granted in other circumstances, for example to facilitate recruitment at the Committee's discretion.

1. Administration

Overall responsibility for the operation and administration of the ECP will be vested in the Committee.

2. The parts of the ECP

The ECP is divided into a number of parts as follows:

- a part under which conditional awards of shares and/or awards of deferred restricted shares are made;
- a part under which restricted share awards can be made;
- a part under which participants are entitled to a cash payment calculated by reference to the value of shares; and
- a part under which conditional awards over notional fund units are made which result in a payment in cash.

The ECP includes specific provisions for employees who are US taxpayers. The Committee may set up further parts, including ones for employees working elsewhere overseas.

3. Eligibility

Participants in the ECP will be selected by the Committee on the recommendation of senior management and usually in accordance with the Company's bonus deferral policy. Participants will be limited to employees and executive Directors of the Company and its subsidiaries (the **Group**) who are not under notice (given or received) to terminate their employment.

4. Awards

Awards will entitle the holder to acquire shares in the Company (**Shares**) or a cash payment calculated by reference to the value of Shares or, as the case may be, the value of notional fund units. Awards may be conditional awards for new Shares to be issued by the Company or for existing Shares from an employee benefit trust (the **Employee Trust**), or awards over restricted shares and/or awards over notional units of funds which are settled in cash (**Awards**). Awards may be granted either by the Company or by the Employee Trust.

Awards may be granted over voting or non-voting ordinary Shares. In the case of awards over voting Shares, awards may only be granted over Shares in existence at the time, which are expected to be held in the Employee Trust.

Awards will be personal to the participant and may not be transferred. No payment will be required for the grant of an Award. The Committee may grant Awards of Shares on the basis that when they are exercised or released the number of Shares will be increased to reflect the dividends and associated tax credits paid during the period between the date of grant and the date of exercise or release (or the participant will receive an equivalent cash sum), and this is the current intention.

If in the opinion of the Committee there is a material misstatement of the Company's financial results in respect of any year before the Awards vest or are released or misconduct by a Participant in the opinion of the Committee that affects the extent to which an Award should be exercisable then unexercised Awards may be adjusted, lapsed or deferred.

5. Timing

It is intended that Awards will normally be granted in the six weeks following the announcement of the results of the Company for any period. Awards may also be granted at any other time in exceptional circumstances (for example, in connection with recruitment).

6. Plan limits

The ECP will be subject to the following limits:

- (i) on any date, the aggregate nominal amount of new Shares in respect of which Awards may be granted under the ECP may not, when added to the nominal amount of new Shares allocated in the previous 10 years under all employee share schemes of the Group, exceed 10 per cent. of the equity share capital of the Company; and
- (ii) on any date, the aggregate nominal amount of new Shares in respect of which Awards may be granted under the ECP may not, when added to the nominal amount of new Shares allocated in the previous 10 years under the ECP and any other employee share scheme of the Group established for the benefit of selected employees, exceed 5 per cent. of the equity share capital of the Company.

For these purposes, Shares are allocated when rights to acquire or obtain them are granted and otherwise when they are issued. Rights which lapse, by reason of non-exercise or otherwise, cease to count. No account is taken of Shares which are acquired by purchase rather than by subscription except where such Shares were first issued to an Employee Trust for the purpose of satisfying a participant's rights. Nor is any account taken of Shares which an Employee Trust purchases at market value.

No Awards will be granted after 30 April 2021.

7. Vesting of Awards

Awards (other than restricted share awards) will normally vest in whole or in part not earlier than three years (or such earlier date as the Committee may determine in exceptional circumstances at any time) and not later than five years after grant and can then be exercised. Restricted share awards will usually be granted on terms that they will vest on an earlier date as determined by the Committee when the Award is made as these Awards will normally be used to comply with regulatory requirements for the postponement of what would otherwise have been a bonus immediately payable in cash. On exercise the Company must deliver or procure that there is delivered the relevant number of Shares (or the Committee may instead decide to pay the cash equivalent value of some or all of such Shares) or make a cash payment in the case of cash settled awards or awards over notional fund units.

8. Termination of employment

If a participant ceases to be employed within the Group for a permitted reason, Awards will become exercisable within 12 months (or such longer period and on such terms as the Committee may decide) following the termination of employment, and Awards of deferred restricted shares will be released. A permitted reason is death, ill-health, injury, disability or the sale outside the Group of the company or business in which the participant works or such other reasons as the Committee may decide. If a participant ceases to be employed by summary dismissal, his Awards will lapse.

If a participant ceases to be employed within the Group for any other reason then if that cessation occurs (i) before the first anniversary of the grant date, his Award will lapse; (ii) on or after the first anniversary but before the second anniversary, his Award will vest (i.e. become exercisable or be released) as to one third of the Shares/notional fund units; (iii) on or after the second anniversary but before the third anniversary, his Award will vest as to two thirds of the Shares/notional fund units; and (iv) on or after the third anniversary, his Award will vest in full.

Restricted share awards will only lapse if the participant ceases to be employed by summary dismissal, otherwise the Award will be released on its normal release date (or earlier in the event of death).

Summary of the main provisions of the Schroders Equity Compensation Plan 2011 (the ECP) continued

9. Change of control

In the event of a change of control, a reorganisation, an amalgamation or a voluntary winding up of the Company, Awards may be exercised and Awards over restricted shares released. In the event of a change of control of the Company, participants may surrender their Awards in return for substitute awards over shares in the acquiring company or the group of which it is a member.

10. Listing

Application will be made for admission to the Official List of new Shares issued and for permission to trade in those Shares. Shares issued on the exercise of Awards will rank equally in all respects with existing Shares except for rights attaching to Shares by reference to a record date prior to the date of allotment.

11. Variation of capital

In the event of a variation in the share capital of the Company or in such other circumstances as the Committee considers appropriate, the Committee may adjust Awards in such manner as it determines to be appropriate.

12. Benefits non-pensionable

Benefits under the ECP will not form part of a participant's remuneration for pension purposes.

13. Amendments

The Committee may make such amendments to the ECP as are necessary or desirable to take account of changes to applicable legislation. The Committee may also make such amendments to the ECP and to any Award as may be necessary or desirable to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

Except as described above or for amendments designed to facilitate the administration of the ECP or to correct clerical errors, no amendment which is to the advantage of employees or participants may be made to those provisions dealing with eligibility, individual or plan limits, the terms of Awards or the adjustment of Awards without the prior approval of the Company in general meeting.

Summary of the main provisions of the Schroders Share Option Plan 2011 (the SOP)

1. Administration

Overall responsibility for the operation and administration of the SOP will be vested in the Remuneration Committee of the Board of Directors of the Company (the **Committee**).

2. The sub-plans

The SOP is divided into a number of sub-plans as follows:

- a share option plan designed to qualify for approval under the UK Income Tax (Earnings and Pensions) Act 2003;
- a share option plan that is not so designed and which therefore allows options to be granted above the limits of the approved part for UK employees (currently £30,000) and generally to international employees;
- a share option plan that has been designed to permit the grant of tax-favoured options in the USA; and
- a plan under which participants are entitled to a cash payment calculated by reference to the value of shares. For the purposes of the limits on an individual's participation, such rights will be treated as options.

The Committee may set up further sub-plans, including ones for employees working overseas.

3. Eligibility

Participants in the SOP will be selected by the Committee on the recommendation of senior management. Participants will be limited to employees and executive Directors of the Company and its subsidiaries (the **Group**) who are not under notice (given or received) to terminate their employment.

4. Options

Options will entitle the holder to acquire shares in the Company (**Shares**) or a cash payment calculated by reference to the value of Shares. Options may either be options to subscribe for new Shares to be issued by the Company or options to purchase existing Shares (**Options**) from an employee benefit trust (the **Employee Trust**).

Options may be granted either by the Company or by the Employee Trust. In the latter case, the Company may grant the Employee Trust a corresponding option to subscribe for new Shares or the Employee Trust may purchase the necessary Shares in the market.

Options may be granted over voting or non-voting ordinary Shares. In the case of Options over voting Shares, Options may only be granted over Shares in existence at the time, which are expected to be held in the Employee Trust.

Options will be personal to the participant and may not be transferred. No payment will be required for the grant of an Option. If in the opinion of the Committee there is a material misstatement of the Company's financial results in respect of any year before an Option becomes exercisable or misconduct by a Participant in the opinion of the Committee that affects the extent to which Options should be exercisable then unexercised options may be adjusted, lapsed or deferred.

5. Timing

It is intended that Options will normally be granted in the six weeks following the announcement of the results of the Company for any period. Options may also be granted at any other time in exceptional circumstances (for example, in connection with recruitment).

6. Exercise price

The exercise price may not be less than the market value of a relevant Share on the dealing day immediately preceding the date of grant or, where Options are granted pursuant to an invitation, the date of the invitation.

Summary of the main provisions of the Schroders Share Option Plan 2011 (the SOP) continued

7. Individual limit

The maximum number of Shares over which an employee may be granted an Option on any date, when added to those in respect of which he has been granted options under the SOP in the same financial year of the Company, will be limited so that the aggregate exercise price does not exceed twice (or in exceptional circumstances up to four times) his annual remuneration.

8. SOP limits

The SOP will be subject to the following limits:

- (i) on any date, the aggregate nominal amount of new Shares in respect of which Options may be granted under the SOP may not, when added to the nominal amount of new Shares allocated in the previous 10 years under all employee share schemes of the Group, exceed 10 per cent. of the equity share capital of the Company; and
- (ii) on any date, the aggregate nominal amount of new Shares in respect of which Options may be granted under the SOP may not, when added to the nominal amount of new Shares allocated in the previous 10 years under the SOP and any other employee share scheme of the Group established for the benefit of selected employees, exceed 5 per cent. of the equity share capital of the Company.

For these purposes, Shares are allocated when rights to acquire or obtain them are granted and otherwise when they are issued. Rights which lapse, by reason of non-exercise or otherwise, cease to count. No account is taken of Shares which are acquired by purchase rather than by subscription except where such Shares were first issued to an Employee Trust for the purpose of satisfying a participant's rights. Nor is any account taken of Shares which an Employee Trust purchases at market value.

Options may not be granted over more than 15 million Shares under that part of the SOP which allows for the grant of tax-favoured options to participants in the USA.

No Options will be granted after 30 April 2021.

9. Performance conditions

All Options granted to executive Directors of the Company must be, and all other Options may be, granted subject to a performance condition or conditions which, in normal circumstances, will be measured over a period of not less than three years. The achievement of any performance conditions set will normally be a condition precedent to the right of exercise. The Committee may set different conditions from year to year. The Committee may also change the performance conditions for existing Options from time to time if events happen that make it fair and reasonable to do so but not so as to make the performance conditions, in the opinion of the Committee, materially easier or more difficult to satisfy than they were when the Option was first granted. A summary of the performance conditions for Options granted to executive Directors of the Company will be disclosed in the annual report each year.

10. Exercise of Options

Options will normally be exercisable in whole or in part not earlier than three years and not later than 10 years after grant and only if, and to the extent that, any performance conditions have been met over the three year performance period (that is, the option has vested).

11. Termination of employment

If a participant dies, any performance conditions will not apply and his personal representatives may exercise his Options in the 12 months following his death. If a participant ceases to be employed within the Group for another permitted reason, Options will not become exercisable except to the extent that any performance conditions are satisfied and then the resulting number of Shares shall be reduced on a time pro rated basis (unless the Committee determines that they should be exercisable to a greater or lesser extent).

In such circumstances, the Options may be exercised within 12 months (or such longer period and on such terms as the Committee may decide) following the termination of employment or, if later, the third anniversary of the Grant Date. A permitted reason is death, ill-health, injury, disability or the sale outside the Group of the company or business in which the participant works or such other reasons as the Committee may decide.

If a participant ceases to be employed on or after the third anniversary of the Option's grant date (other than by summary dismissal), then the Option may be exercised in the 12 months (or such longer period and on such terms as the Committee may decide) after the cessation, but only, if applicable, to the extent that any performance conditions are satisfied.

If a participant ceases to be employed in any other circumstances (including by summary dismissal), his Options will lapse.

12. Change of control

In the event of a change of control, a reorganisation, an amalgamation or a voluntary winding up of the Company unvested Options may be exercised to the extent that any performance conditions are satisfied by deeming the period over which the conditions are to be measured to have ended on the date of the change of control (or such other convenient date as the Committee may decide) and then reducing the number of Shares subject to the options on a time pro rated basis (unless the Committee determines that any Options should be exercisable to a greater or lesser extent). In the event of a change of control of the Company, participants may surrender their Options in return for substitute options over shares in the acquiring company or the group of which it is a member subject to similar performance targets.

13. Listing

Application will be made for admission to the Official List of new Shares issued and for permission to trade in those Shares. Shares issued on the exercise of Options will rank equally in all respects with existing Shares except for rights attaching to Shares by reference to a record date prior to the date of allotment.

14. Variation of capital

In the event of a variation in the share capital of the Company or in such other circumstances as the Committee may consider appropriate, the Committee may adjust Options in such manner as it determines to be appropriate.

15. Benefits non-pensionable

Benefits under the SOP will not form part of a participant's remuneration for pension purposes.

16. Amendments

The Committee may make such amendments to the SOP either as are necessary or desirable, in the case of the UK approved part, to obtain or retain the approval of UK HMRC or for the SOP generally to take account of changes to applicable legislation. The Committee may also make such amendments to the SOP and to any Option as may be necessary or desirable to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group.

Except as described above or for amendments designed to facilitate the administration of the SOP or to correct clerical errors, no amendment which is to the advantage of employees or participants may be made to those provisions dealing with eligibility, individual or plan limits, the terms of Options or the adjustment of Options without the prior approval of the Company in general meeting.

Notice of Annual General Meeting

Notice is hereby given that the 2011 Annual General Meeting of Schroders plc will be held at 31 Gresham Street, London EC2V 7QA on Thursday, 5 May 2011 at 11.30 a.m. to transact the following business:

Resolutions

To consider and, if thought fit, pass resolutions numbered 1 to 12 as Ordinary Resolutions (requiring a majority of more than 50 per cent.) and resolutions 13 and 14 as Special Resolutions (requiring a majority of not less than 75 per cent.).

Report and Accounts

1. That the Directors' report and the accounts of the Company for the year ended 31 December 2010 be received and adopted.

For each financial year the Directors are required to present the Directors' report and the accounts of the Company to shareholders.

Final dividend

2. That a final dividend of 26.0 pence per share on the ordinary shares and on the non-voting ordinary shares as recommended by the Directors be declared payable on 12 May 2011 to shareholders on the register on 25 March 2011.

The payment of the final dividend of 26.0 pence per share in respect of the year ended 31 December 2010, which is recommended by the Board, requires the approval of shareholders in general meeting.

Remuneration report

3. That the remuneration report for the year ended 31 December 2010 be approved.

Under section 420 of the Companies Act 2006 (the 'Act'), the Directors must prepare an annual report detailing the remuneration of the Directors and the Company's remuneration policy. The Act also requires that a resolution be put to shareholders each year for their approval of that report. The Directors' remuneration report can be found on pages 55 to 71 of the Company's Annual Report. This notice therefore contains a resolution to approve the remuneration report for the year ended 31 December 2010. The result of this resolution is advisory only.

Re-election of Directors not later than the third Annual General Meeting following last election or re-election

4. That Michael Dobson, who retires in accordance with Article 76, be re-elected as a Director of the Company.
5. That Massimo Tosato, who retires in accordance with Article 76, be re-elected as a Director of the Company.
6. That Andrew Beeson, who retires in accordance with Article 76, be re-elected as a Director of the Company.

Under Article 76 of the Company's Articles of Association, Directors must retire and may offer themselves for re-election not later than the third Annual General Meeting following their election or last re-election to the Board. Michael Dobson, Massimo Tosato and Andrew Beeson are retiring from office under this Article and offer themselves for re-election. They were last re-elected at the Annual General Meeting on 24 April 2008.

Michael Dobson (58) Chief Executive joined the Board as a non-executive Director in April 2001 and became Chief Executive in November of that year. From 1973 to 2000 he worked for Morgan Grenfell and Deutsche Bank. He was chief executive of Morgan Grenfell Group from 1989 to 1996 and a member of the board of managing directors of Deutsche Bank AG from 1996 to 2000. He is chairman of the investment board of the Cambridge University Endowment Fund and a member of the advisory committee of the staff retirement plan of the International Monetary Fund.

Massimo Tosato (56) Executive Vice Chairman and Global Head of Distribution joined Schroders in 1995, when he was responsible for Schroders' asset management activities in Italy and from 1999 to 2001 for the whole of continental Europe. He became Global Head of Retail in February 2001 and was appointed to the Board in August of that year. He became the Head of Distribution globally in September 2003. Between 1981 and 1992 he was a founding partner and chief executive officer of Cominvest SpA. From 1992 to 1995 he was a partner and managing director of Euromercantile SpA. He has been a member of the International Advisory Board of Columbia Business School since 1992. From 2002 to 2005 he was an independent director of Banca Nazionale del Lavoro. He is a trustee of the Parasol Unit Foundation for Contemporary Art, London, a director of the European Fund and Asset Management Association and a member of The Council for the United States and Italy.

Andrew Beeson (66) Senior Independent Director (Chairman of the Remuneration Committee and member of the Audit and Risk Committee and the Nominations Committee) was appointed a Director on 1 October 2004 and was appointed Senior Independent Director in May 2010. He was the founder and chief executive of the Beeson Gregory Group and subsequently chairman of Evolution Group plc, following its merger with Beeson Gregory, before leaving in 2003. He founded the City Group for Smaller Companies in 1992 (now known as Quoted Company Alliance) and became its first chairman. Between 2001 and 2004 he was a director of IP Group Plc and is currently a non-executive director of Queen's Club Limited and Westhouse Holdings plc. He is deputy chairman of Datawind UK plc and an adviser to Armstrong Bonham Carter.

The Board supports the re-election of these Directors.

Re-election of Directors having served more than nine years on the Board

7. That Bruno Schroder, who retires having served more than nine years as a Director, be re-elected as a Director of the Company.

In accordance with the Company's Corporate Governance Guidelines, which reflect the provisions of the UK Corporate Governance Code, non-executive Directors must retire and may offer themselves for re-election annually once they have served nine or more years on the Board. This applies to Bruno Schroder and he offers himself for re-election.

Bruno Schroder (78) non-executive Director (member of the Nominations Committee) was appointed a Director in 1963. From 1954 to 1955 he worked for Schroder Gebrüder (Bank) in Hamburg and he joined the Schroder Group in London in 1960 where he worked in the Commercial Banking and Corporate Finance divisions of J. Henry Schroder Wagg & Co Ltd. He is a director of a number of private limited companies.

The Board believes that it is appropriate for Bruno Schroder, in view of his relationship with the principal shareholder group, to be re-elected.

The Chairman confirms that, following the completion of the Board performance evaluation process for 2010, the performance of each of the Directors standing for re-election under Resolutions 4 to 7 continues to be effective and demonstrates commitment to his respective role. Accordingly, the re-election of each of these Directors is recommended.

Auditors

8. That PricewaterhouseCoopers LLP be re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company in accordance with section 489 of the Companies Act 2006.
9. That the Directors be authorised to fix the remuneration of PricewaterhouseCoopers LLP as auditors of the Company.

The Company's auditors must offer themselves for reappointment at each Annual General Meeting at which accounts are presented. Accordingly, the Board, on the recommendation of the Audit and Risk Committee, proposes the reappointment of PricewaterhouseCoopers LLP as the Company's auditors. Resolution 9 authorises the Directors to agree the remuneration of PricewaterhouseCoopers LLP for their services as auditors.

Authority to allot shares

10. That the Directors be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot equity securities up to an aggregate nominal amount of £5,000,000, which authority shall expire on 30 May 2012 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution (whichever is earlier) (unless previously revoked or varied by the Company in general meeting), save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. For the purposes of this authority, the expression 'equity securities' shall mean equity securities as defined in section 560 of the Companies Act 2006, but shall not in any circumstances include ordinary shares (as defined in the Company's Articles of Association), or any right to subscribe for, or to convert any security into, ordinary shares.

Under the Act the Directors may not issue shares in the Company without the authority of shareholders in general meeting, except for the issue of shares under the Company's share or share option plans. If approved by shareholders, this resolution would renew the authority given by shareholders at the 2010 Annual General Meeting and permit the Directors to issue non-voting ordinary shares or rights to subscribe for, or convert securities into, non-voting ordinary shares up to an aggregate nominal amount of £5,000,000. The authority would not permit the Directors to issue ordinary shares or to grant rights to subscribe for, or convert securities into, ordinary shares. The maximum amount of the authority is equal to approximately 1.74 per cent. of the Company's total issued share capital (excluding treasury shares) and approximately 8.24 per cent. of its issued non-voting ordinary share capital (excluding treasury shares), in each case as at 16 March, being the latest practicable date prior to the publication of this document.

The Company currently holds 3,915,277 non-voting ordinary shares in treasury representing approximately 1.37 per cent of the total issued share capital (excluding treasury shares).

The authority given by this resolution would expire on the earlier of 30 May 2012 and the conclusion of the next annual general meeting of the Company. Except for the issue of non-voting ordinary shares under the Company's share or share option plans, the Directors do not presently intend to issue any shares. The Directors do, however, consider that it would be appropriate to have the flexibility to make limited issues of non-voting ordinary shares or to grant rights to subscribe for, or convert securities into, non-voting ordinary shares. This flexibility could be required, for example, should the Company wish to use non-voting ordinary shares as consideration for possible acquisitions.

Share Plans

11. That the Schroders Equity Compensation Plan 2011, a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to do all such acts and things necessary or expedient to carry the same into effect.
12. That the Schroders Share Option Plan 2011, a copy of the rules of which is produced to the meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and adopted and the Directors of the Company be and are hereby authorised to do all such acts and things necessary or expedient to carry the same into effect.

The main provisions of the Schroders Equity Compensation Plan 2011 and the Schroders Share Option Plan 2011 are described in the letter to shareholders and the summaries earlier in the circular of which this notice of meeting is part.

Authority to purchase own shares

13. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases within the meaning of section 693(4) of the Companies Act 2006 of non-voting ordinary shares of £1 each ('Shares'), subject to the following conditions:
 - (a) such authority be limited to a maximum number of 14,300,000 Shares;
 - (b) in the case of purchases made otherwise than by tender offer, the maximum price, exclusive of expenses, at which Shares may be purchased is the higher of:
 - (i) 5 per cent. above the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the date of purchase; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out;
 - (c) in the case of a tender offer, the maximum price, exclusive of expenses, at which Shares may be purchased is 5 per cent. above the average of the middle market quotations for the Shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the date on which the tender offer is announced;
 - (d) the minimum price at which Shares may be purchased is £1 per share, exclusive of expenses; and
 - (e) such authority shall, unless renewed prior to such time, expire at the conclusion of the next annual general meeting of the Company save that the Company may before such expiry enter into a contract to purchase Shares which would or might be completed or executed wholly or partly after its expiry and may make a purchase of Shares in pursuance of any such contract.

If passed, this resolution would renew the Company's general authority to make purchases of its non-voting ordinary shares. This authority relates to 14,300,000 shares, representing approximately 5 per cent. of the Company's total issued share capital and 23.58 per cent. of its issued non-voting ordinary share capital, in each case excluding treasury shares and calculated as at 16 March 2011, being the latest practicable date prior to the publication of this document. The authority sets limits on the price which may be paid for any shares and is limited to market purchases on the London Stock Exchange or (so far as required under the Listing Rules) market purchases by tender offer to all shareholders.

Since the previous authority was renewed at the last Annual General Meeting on 6 May 2010 to the 16 March 2011, being the latest practicable date prior to the publication of this document, 2,115,973 non-voting ordinary shares have been purchased and are held in treasury. As at 16 March 2011, contracts have been entered into for the purchase of 1,035,000 non-voting ordinary shares which, when completed, will be held in treasury. As at the date of this notice of meeting there were options outstanding over 882,349 non-voting ordinary shares. This represented 0.31 per cent. of the total issued share capital and 1.45 per cent. of the issued non-voting ordinary share capital at that date

(in each case excluding treasury shares) and would represent 0.34 per cent. of the total issued share capital and 2.59 per cent. of the issued non-voting ordinary share capital (in each case excluding treasury shares) if the Company were to purchase the maximum number of shares allowed under the existing buy-back authority granted at the Annual General Meeting on 6 May 2010 and which expires at the conclusion of the Annual General Meeting on 5 May 2011 and the general authority being sought at the Annual General Meeting on 5 May 2011.

In recent years, this authority has been used with a view to maintaining the ratio of ordinary shares to non-voting ordinary shares over the medium term, taking into account the issue of non-voting ordinary shares under the Company's share or share option plans. This policy was extended in 2007 to take into account the issue of any non-voting ordinary shares pursuant to the authority to allot shares conferred on the Directors. In addition, purchases may also be undertaken at the Directors' discretion, where they consider them to be otherwise appropriate. Purchases under this authority would only be made where the Directors believed that they were in the best interests of the Company, taking into account other available investment opportunities and the overall financial position of the Group, and where earnings per share would be increased (except possibly in respect of purchases made in relation to the issue of non-voting ordinary shares under the Company's share or share option plans). If the Company were to purchase any non-voting ordinary shares pursuant to this authority, the Directors would consider whether to cancel those shares or hold them as treasury shares. Shares are held in treasury in order to fulfil obligations in respect of the Group's share plans.

Notice of general meetings


14. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Under the Act, the Company may call a general meeting, other than an annual general meeting, by giving 14 days' clear notice to shareholders. Under the EU Shareholder Rights Directive this period is extended to 21 clear days unless the Company has obtained shareholder approval for a shorter period. This resolution would maintain the current position under the Act as agreed by shareholders at the 2010 Annual General Meeting. Annual general meetings will still require at least 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

Proxy forms

A proxy form is attached to enable shareholders unable to attend the meeting to cast their votes on a poll at the Annual General Meeting by post or online, or by appointing someone else to attend, speak and vote on a poll on their behalf.

By Order of the Board



Graham Staples
Company Secretary

Registered office:
31 Gresham Street
London EC2V 7QA

23 March 2011

Notes:

1. Ordinary shareholders entitled to attend and to speak and vote at the meeting are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting. An ordinary shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form for ordinary shareholders which may be used to make such appointment and give proxy instructions accompanies this notice. Non-voting ordinary shareholders have no right to attend or speak or vote at the Annual General Meeting.
2. To be valid any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY no later than 48 hours before the time fixed for the meeting.
3. Ordinary shareholders who prefer to register the appointment of their proxy electronically via the internet can do so at www.eproxyappointment.com where full instructions are given. The Control Number, PIN and shareholder reference number printed on the proxy form will be required. Alternatively ordinary shareholders who have already registered with Computershare Investor Services can appoint their proxy by logging on to their portfolio at www.eproxyappointment.com and clicking on 'Company Meetings'. A proxy appointment made electronically will not be valid if sent to any email address other than those provided or if received after 11.30 a.m. on 3 May 2011. Any communication found to contain a computer virus will not be accepted.
4. The return of a completed proxy form, other proxy instrument or any CREST Proxy Instruction (as described in paragraph 10 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.
5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of ordinary shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by ordinary shareholders of the Company.
7. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), ordinary shareholders must be registered in the Register of Members of the Company at 11.30 a.m. on 3 May 2011 (or, in the event of any adjournment of the Annual General Meeting, 11.30 a.m. on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. As at 16 March 2011 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consisted of 226,022,400 ordinary shares, carrying one vote each, and 60,657,382 non-voting ordinary shares in issue (excluding shares held in treasury). No ordinary shares were held in treasury. Therefore, the total voting rights in the Company as at 16 March 2011 were 226,022,400.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
10. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via euroclear.com/crest). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 11.30 a.m. on 3 May 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.
13. Any corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a member provided that no more than one corporate representative exercises powers over the same share.

14. Profiles of each of the Directors offering themselves for election or re-election are detailed under the relevant resolution in this Notice of Meeting. The profiles include, where appropriate, membership of Board Committees.
15. The following documents are available for inspection at the Company's registered office during normal business hours on weekdays and will be available for inspection at least 15 minutes prior to and during the meeting: the rules of the proposed Schroders Equity Compensation Plan 2011 and of the Schroders Share Option Plan 2011 and Directors' service contracts or letters of appointment.
16. In the event that you have sold or transferred your shares in the Company, you should pass this Notice of Meeting, the circular of which it forms part, and the 2010 Annual Report and Accounts to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.
17. Pursuant to requests made by shareholders of the Company meeting the threshold requirements set out in section 527 of the Act, the Company may be required to publish on a website a statement setting out any matter relating to:
 - (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or
 - (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act.

The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Act to publish on a website.
18. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need to be given if:
 - (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - (ii) the answer has already been given on a website in the form of an answer to a question; or
 - (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
19. Under section 338 and section 338A of the Act, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than 22 March 2011, being the date six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
20. A copy of this notice, and any other information required by s311A of the Act, can be found at www.schroders.com.

